

ARTICLE XII

THIRD PARTY SALES AND TRANSFERS

12.1. Except to the extent permitted in paragraph 12.2, the Parties shall not sell, transfer title to, disclose, or transfer possession of Project Foreground Information (or any item produced either wholly or in part from the Project Foreground Information) or jointly acquired or produced Project Equipment to any Third Party without the prior written consent of the other Party's government. Furthermore, neither Party shall permit any such sale, disclosure, or transfer, including by the owner of the item, without the prior written consent of the other Party's Government. Such consent shall not be given unless the government of the intended recipient agrees in writing with the Parties that it shall:

12.1.1. not retransfer, or permit the further retransfer of, any equipment or information provided; and

12.1.2. use, or permit the use of, the equipment or information provided only for the purposes specified by the Parties.

12.2. Each Party shall retain the right to sell, transfer title to, disclose, or transfer possession of Project Foreground Information:

12.2.1. generated solely by either Party or that Party's Contractors in the performance of that Party's work allocation under Article III (Scope of Work); and

12.2.2. which does not include any Project Foreground Information or Project Background Information of the other Party and whose generation, test, or evaluation has not relied on the use of Project Equipment of the other Party.

12.3. In the event questions arise whether the Project Foreground Information (or any item produced either wholly or in part from the Project Foreground Information) that a Party intends to sell, transfer title to, disclose, or transfer possession of to a Third Party is within the scope of paragraph 12.2., the matter shall be brought to the immediate attention of the other Party's PO. The Parties shall resolve the matter prior to any sale or other transfer of such Project Foreground Information (or any item produced either wholly or in part from the Project Foreground Information) to a Third Party.

12.4. A Party shall not sell, transfer title to, disclose, or transfer possession of Project Equipment or Project Background Information provided by the other Party, to any Third Party without the prior written consent of the Party's government that provided such equipment or information. The providing Party shall be solely responsible for authorizing such transfers and, as applicable, specifying the method and conditions for implementing such transfers.

ARTICLE XIII

LIABILITY AND CLAIMS

13.1. With the exception of claims for loss of or damage to Project Equipment under Article VII (Project Equipment), claims against either Party or its personnel shall be dealt with in accordance with Article VIII of the Agreement between the Parties to the North Atlantic Treaty Regarding the Status of their Forces, signed in London on June 19th, 1951 (NATO SOFA). Employees and agents of Contractors shall not be considered to be civilian personnel employed by a Party.

13.2. Claims arising under or related to any contract awarded pursuant to Article VI (Contractual Arrangements) shall be dealt with in accordance with the provisions of the contract.

ARTICLE XIV

CUSTOMS DUTIES, TAXES, AND SIMILAR CHARGES

14.1. Customs duties, import and export taxes, and similar charges shall be administered in accordance with each Party's respective laws and regulations. Insofar as existing national laws and regulations permit, the Parties shall endeavor to ensure that such readily identifiable duties, taxes and similar charges, as well as quantitative or other restrictions on imports and exports, are not imposed in connection with work carried out under this Agreement.

14.2. Each Party shall use its best efforts to ensure that customs duties, import and export taxes, and similar charges are administered in a manner favorable to the efficient and economical conduct of the work. If any such duties, taxes, or similar charges are levied, the Party in whose country they are levied shall bear such costs.

14.3. If it is necessary to levy duties in order to comply with European Union (EU) laws, regulations, or policies, then these duties will be met by the EU member. To this end, parts of the components of the equipment coming from outside the EU will proceed to their final destination accompanied by the relevant customs document enabling settlement of duties to take place. The duties will be levied as a cost over and above the EU member Party's shared cost.

ARTICLE XV

SETTLEMENT OF DISPUTES

15.1. Disputes between the Parties arising under or relating to this Agreement shall be resolved only by consultation between the Parties and shall not be referred to a national court, an international tribunal, or to any other person or entity for settlement.

ARTICLE XVI

LANGUAGE

- 16.1. The working language for the Project shall be the English language.
- 16.2. Official decision sheets, meeting records, and official reports issued in the performance of this Project by SCs and POs will be issued in the English language.
- 16.3. Contracts shall be drawn up in the language of the Party awarding the Contract.

ARTICLE XVII

AMENDMENT, TERMINATION, ENTRY INTO FORCE, AND DURATION

17.1. All activities of the Parties under this Agreement shall be carried out in accordance with their national laws. The obligations of the Parties shall be subject to the availability of funds for such purposes.

17.2. In the event of a conflict between an article of this Agreement and any annex to this Agreement, the article shall control.

17.3. This Agreement may be amended by the mutual written consent of the Parties. Annexes may be amended by the SC. In accordance with Article IV (Management) and paragraph 7.1, the Steering Committee will add an annex identifying any Project Equipment that is transferred during this PA.

17.4. This Agreement may be terminated at any time by the written consent of the Parties. In the event both Parties consent to terminate this Agreement, the Parties shall consult prior to the date of termination to ensure termination on the most economical and equitable terms.

17.5. Either Party may terminate this Agreement upon 90 days written notice of its intent to terminate to the other Party. Such notice shall be the subject of immediate consultation by the SC to decide upon the appropriate course of action to conclude the activities under this Agreement. In the event of such termination, the following rules apply:

- 17.5.1. The terminating Party shall continue participation, financial or otherwise, up to the effective date of termination.
- 17.5.2. Except as to Contracts awarded on behalf of both Parties, each Party shall be responsible for its own Project-related costs associated with termination of the Project. For Contracts awarded on behalf of both Parties, the terminating Party shall pay all Contract modification and termination costs that would not otherwise have been incurred but for the decision to terminate. However, in no event shall a terminating Party's total financial contribution, including contract termination costs, exceed that Party's total Cost Ceiling for financial contributions as established in Article V (Financial Provisions).
- 17.5.3. All Project Information and rights therein received under the provisions of this Agreement prior to termination of the Agreement shall be retained by the Parties, subject to the provisions of this Agreement.

17.5.4. If requested by the other Party, the terminating Party may continue to administer the Project Contract(s) which it awarded on behalf of the other Party on a reimbursable basis.

17.6. The respective rights and obligations of the Parties regarding Article VII (Project Equipment), Article VIII (Disclosure and Use of Project Information), Article IX (Controlled Unclassified Information), Article XI (Security), Article XII (Third Party Sales and Transfers), Article XIII (Liability and Claims) and this Article XVII (Amendment, Termination Entry Into Force, and Duration) shall continue notwithstanding termination or expiration of this Agreement.

17.7. This Agreement, which consists of seventeen (17) Articles and two Annexes, shall enter into force upon signature by both Parties and shall remain in force for 6 years unless terminated by either Party. It may be extended by written agreement of the Parties.

IN WITNESS WHEREOF, the undersigned, being duly authorized representatives of the Parties, have signed this Agreement.

DONE, in duplicate, in the English and French languages, both texts being equally authentic.

FOR THE DEPARTMENT OF DEFENSE
OF THE UNITED STATES OF AMERICA



Signature

RDML M.R. Milliken

Name

Deputy Assistant Secretary of the Navy
(International Programs)

Title

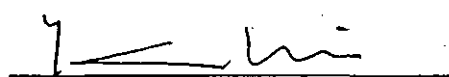
23 January 2004

Date

Washington, DC

Location

FOR THE MINISTER OF DEFENSE OF
THE FRENCH REPUBLIC



Signature

Name

Le délégué général pour l'armement
Yves GLEIZES

Title

29 JAN. 2004

Date

Paris

Location

ANNEX A

MANAGEMENT AND ORGANIZATIONS

1. The SC Members are:

U.S. Co-Chairman	Name Title/Position Organization Address	Dr. Charles Kimzey Program Manager OUSD (AS&C) 3700 Defense Pentagon Room 3D833 Washington, DC 20301
French Co-Chairman	Name Title/Position Organization Address	Mr. Quoc Bao Duong Head, Surface Ship Department SPN/ST/ASP 8, Boulevard Victor Paris - 00303 Armees

2. The POs are:

U.S. PO	Name Title/Position Organization Address	Dr. Vittorio Ricci Program Manager, SPARTAN Programs Naval Undersea Warfare Center Code 313 1176 Howell Street Newport, RI 02841
French PO	Name Title/Position Organization Address	Mr. Serge Debono Technical Manager SPN/ST/ASP 8, Boulevard Victor - Paris 00303 Armees

3. The OMs are:

U.S. Operational Manager	Name Title/Position Organization Address	CDR Charles Gompf Deputy Assistant Chief of Staff, Innovations & Experimentation COMTHIRDFLT FPO AP 96601-6001
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French Operational
Manager

Name

CDR Christophe Balducchi

Title/Position
Organization
Address

Head, Anti-Surface Warfare Department
EMM/PL/EPG
2, rue Royale - Paris 8
00350 Armees

4. The principal organizations involved are:

U.S. DoD:

Naval Underwater Weapons Center, Newport Division
1176 Howell Street
Newport, Rhode Island 02841

French MoD:

Service des Programmes Navals
8, boulevard Victor
Paris 00303 Armees
France

Centre Technique des Systemes Navals
BP 28, 83800 Toulon Naval
France

ANNEX B

FINANCIAL MATTERS

1. The Cost Ceiling of this Project is no more than 9.95 million U.S. dollars for the U.S. DoD and 13.2 million euros for the French MOD.

Description and Estimated Value of the Total Contributions:

	FY03	FY04	FY05	FY06	FY07	Total
U.S. (\$M)						
Financial	0.15	0.2	0.2	0.15	0.15	0.85
Non-financial	3.5	3.8	1.8	0.0	0.0	9.1
Total U.S.	3.65	4.0	2.0	0.15	0.15	\$9.95M
France (€M)						
Financial	7.0	1.5	1.0	1.0	0.0	10.5
Non-Financial	0.2	0.5	1.5	0.0	0.5	2.7
Total France	7.2	2.0	2.5	1.0	0.5	€13.2M